

## TECHNICAL ASSESSMENT

### *Problem Definition*

1. **Benin has made significant strides in fiscal management in recent years, yet more efforts are needed to increase the efficiency and transparency of domestic revenue mobilization to support medium-term growth and public service delivery.** Progress has been achieved in the context of the implementation of PAG I and II and with support from the World Bank and other development partners, notably in the areas of public financial management (PFM), public procurement, improvement of the regulatory environment for business creation, debt management, and tax policy and administration. Similarly, digitalization has led to expanding administrative services. Deepening reforms in these areas can help ensure efficient and productive public spending that contributes to physical and human capital accumulation and supports sustained and inclusive medium-term growth.

2. **Protecting social and infrastructure spending through more efficient and transparent spending and domestic resource mobilization is crucial to achieving sustainable fiscal consolidation.** Considering Benin's large spending needs and relatively low levels of government spending, the fiscal consolidation, required to converge to the WAEMU fiscal deficit target of 3 percent of GDP by 2025, is expected to be more revenue based.<sup>1</sup> Structural tax policy reforms accompanied by strong revenue administration reforms are needed. More efficient spending, particularly in human development sectors that have the largest share of recurrent spending, and a slight adjustment in capital expenditures will also contribute to the consolidation. Measures for more efficient spending on human capital sectors—particularly human resource management (HRM)—should be explored for a better use of scarce resources.

***The attention to behavioral incentives and use of efficient evidence and tax administration processes undermine the effectiveness of tax policy and widen the gap between policy and administration***

3. **Benin lags behind its regional peers in domestic resource mobilization, and its tax base remains narrow.** In 2022, tax revenues were estimated at 11.5 percent of GDP, below the WAEMU average of 12.9. Further efforts are still necessary, however, to reach the WAEMU target of 20 percent of GDP. Benin's tax system is characterized by a narrow tax base and significant tax expenditure (1.7 percent of GDP in 2020). Resource mobilization is sensitive to disruptions in international markets because of its heavy dependence on trade, especially with Nigeria. The rate of informality among small and medium enterprises is high, and voluntary tax compliance low.

4. **Improving and modernizing tax administration is crucial for supporting the expansion of the tax base and increasing revenue, and the Government has already implemented several related reforms.** Following the adoption of the Tax Administration Strategic Plan 2016–2021 (*Plan d'Orientation Stratégique de l'Administration Fiscale*, POSAF) and its second phase (2022–2026) and the Program Supporting Revenue Mobilization (*Projet d'Appui à l'Accroissement des Recettes Intérieures du Bénin*, PAARIB), the General Directorate of Taxes (*Direction Générale de l'Impôt*, DGI) created two units, the medium tax payers and tax policy units. More recently, DGI underwent an institutional restructuring, and additional units were established, including risk management, internal audit, and the management of standardized invoices to combat fraud. The tax policy unit is a clear example of success as it now produces an annual annex to the Budget Law on tax expenditure and an assessment of fiscal risks jointly with the Directorate of Economic Affairs. Before its establishment in 2018, tax policy formulation and assessment were conducted by disparate units across the Ministry of Economy and Finance

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<sup>1</sup> The envisaged increase in tax revenues represents two-thirds of total fiscal adjustment over 2022–2025.

(MEF) with poor coordination and no cooperation. The disconnect prevented the development of necessary tools to measure and track tax expenditures.

5. **The digitalization of critical processes has been fundamental for increasing tax revenue, but additional efforts are needed to solidify gains.** Some of the key measures have included the requirement of using the banking system for the payments, e-declaration and e-payment of corporate taxes for large taxpayers; mobile payment of motor vehicle tax, linking of the tax and customs information technology (IT) systems, and crucially, creation of a unique taxpayer identification number. The Integrated Management System for Taxes and Similar Payments (*Système Intégré de Gestion des Taxes et Assimilés*, SIGTAS) was rolled out to improve operational transparency and reduce tax fraud, with a data repository featuring a business analysis system. An e-services portal, interlinked with SIGTAS, allows taxpayers to complete their tax payments. In 2019, the Government introduced electronic value added tax (VAT) billing devices,<sup>2</sup> which transfer real-time data on VAT transactions to tax authorities, thus improving tracking and compliance and minimizing evasion.<sup>3</sup> Recent evaluations have highlighted the need to continue improving the tax administration, including rolling out the e-payment structure to small and medium enterprises (which corresponds to most corporate taxpayers) and digitalizing the payment of property taxation and information management, auditing, and accounting systems.<sup>4</sup> In addition, the Government extended e-declaration and e-payment to medium-size firms located in the Littoral, Atlantique, and Bourgou-Aligori departments and launched the ‘e-Balance Sheet’ platform for the online filing of businesses’ financial statements to reduce the cost of collecting taxes and improve user services. Currently, the platform covers payments of fees and fines related to vehicles, but it will be extended to property taxation in the near term.

6. **Reforms in customs administration also yielded increased customs revenue, but its performance is still below its potential.** In 2017, the General Directorate of Customs (*Direction Générale des Douanes*, DGDD) contracted two private partners (Benin Control and Webb Fontaine) to scan containers and manage the database and goods valuation. It also ceded the concession of the port’s operation to the Antwerp Port Authority. DGDD also made progress in implementing a one-stop foreign trade window (*Guichet unique du commerce extérieur*, GUCE) and digitalizing the clearance of customs operations. In 2018, the Government implemented electronic cargo monitoring, scanning at the Port of Cotonou, and improved the control of VAT credits (IMF 2022). The interface between GUCE and the goods tracking system is operational and meaningful efforts are being made to improve the collection rate of customs arrears. Furthermore, cooperation between DGI and DGDD has been strengthened, including a data exchange platform to cross-reference information, increasing tax compliance and reducing risks. **Nevertheless, a recent evaluation of custom administration** highlights remaining weaknesses in the customs information system and transactions’ controls, the need to improve the use of data analysis and intelligence, strengthen the Statistical Surveillance and Data Processing Service, create joint control teams from DGI and DGDD to investigate operators, professionalizing key functions.<sup>5</sup>

### ***PFM has substantially improved, but there are still allocative inefficiencies and gaps in fiscal reporting***

7. **Concerted reforms, including revisions to the legal framework, have improved PFM through more effective accountability, monitoring, and reporting.** The adoption of Organic Law No. 2013-14 in 2013 brought budgeting in line with the 2009 WAEMU Directives. A multiyear expenditure programming framework

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<sup>2</sup> The mechanisms transfer on-time data on a VAT transaction to the tax authorities to reduce fraud. The VAT devices reduce compliance costs and opportunities for VAT fraud and strengthen audit control, thus allowing for risk-based audits.

<sup>3</sup> IMF. 2022. Selected Issues Paper. Washington, DC: IMF.

<sup>4</sup> World Bank. 2020. Benin TADAT Evaluation. Washington, DC: World Bank..

<sup>5</sup> Parent, Gilles, Anne-Marie Geourjon, Christian Bremeersch, and Georges Claustres. 2021. *Contribution to the Development of the Strategic Plan of the Beninese Beninese Customs Administration*. IMF.

*(Documents de Programmation Pluri-annuelle de la Dépense)* was adopted as part of this reform. Since 2018, the Government has produced annual public accounts and submitted them on time to the audit authorities. Parliament adopts annual budgets before the end of the year preceding their implementation and publishes them online. The Integrated Financial Management System is functioning well and allows regular budget monitoring and reporting. In February 2021, the Supreme Audit Institution (SAI) (*La Cour des Comptes*) was created by an Organic Law (No. 2020-38). Benin moved to program-based budgeting (PBB) in 2022.

8. **Compared to most of its peers, Benin maintains higher standards of budget transparency.** The general budget is made available on the MEF website throughout the entire budget preparation process, as do quarterly budget execution reports. Information on tax expenditures is provided on an annual basis as an annex to the Budget Law, in line with fiscal transparency indicators. Moreover, a new citizen budget framework to facilitate public access to budgetary information was established for the 2017–2023 budgets and published on the MEF website. In the 2021 Open Budget Survey, Benin scored 65 and 28 out of 100 for budget transparency and budget participation, respectively.

9. **Weaknesses in budget management and fiscal reporting that limit the efficiency of public expenditure are still to be addressed.** Strengthening the external audit institution remains a priority, combined with efforts to improve reporting, evaluation, and public enterprises' accountability. Program-based budgeting principles are still to be fully implemented. There is limited information on how line ministries' annual budget proposals align with the related multiyear strategies and plans and other policy priorities. The credibility of self-reported and unverified PBB achievements against the targets is weak. Ceilings tend to be revised after the submission of budget proposals. The 2021 IMF Fiscal Transparency Evaluation estimated that unreported extra-budgetary expenditure represented 10 percent of the consolidated budget expenditure in 2019 (of which 3 percentage points were charges and 7 percentage points were net investment in nonfinancial assets). While Benin made many improvements in fiscal forecasting and budgeting, it still needs to improve the coverage of the budget for 145 public administration entities currently considered under the extra-budgetary expenditure category.

10. **Public investment, while central to growth and debt sustainability, presents inefficiencies, and continued reform efforts are required with regard to management and procurement.** The Public Investment Management Assessment (PIMA 2020) conducted in 2019 by the IMF noted low efficiency in public investment, particularly in terms of infrastructure quality (a 0.71 score, compared to an average of 0.84 in the WAEMU and 0.80 in Sub-Saharan Africa countries). Multiple weaknesses at various stages of the public investment cycle explain this inefficiency, including (a) inoperative units in charge of assessing fiscal risk in public-private partnership projects; (b) lack of systematic use of feasible studies for projects before approval, except for externally financed projects; and (c) poor coordination between the procurement commitment, and treasury plans.

***The relatively low use of digital government-to-person (G2P) and person-to-government (P2G) payments increases inefficiency and risks in treasury management***

11. **Progress in improving public sector efficiency and public service delivery is being achieved through the digitization of public services.** The regulatory framework has been updated with the adoption of a new Digital Law in 2020. An interoperability framework was adopted in 2019 to define the norms and standards for all public digital platforms and ensure the interoperability of systems across ministries and government entities, guaranteeing secure transactions for public services.<sup>6</sup> As a result, the national e-services portal was launched on March 26, 2020, with 30 services digitized and information regarding access to over 250 public services made

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<sup>6</sup> This reform was supported by the Fiscal Management and Structural Transformation DPO Series (P168668).

available. The portal is already delivering services for (a) e-signature of service and diplomatic services, (b) strong authentication on the Government's national portal (service-publics.bj), and (c) electronic signature.

12. **As part of its policy to develop the digital ecosystem, the Government of Benin (GoB) has also begun to digitize its payments, but there is still ample room for improvement.** All government salaries and payments above FCAF 100,000 are digitized in accordance with directive No.08-2002-CM-UEMOA on measures to promote the use of cashless payment instruments by the Central Bank of West Africa (*Banque Centrale de l'Afrique Ouest*, BCEAO).<sup>7</sup> Benin's Treasury has also signed a partnership with Ecobank to digitize mission expenses, which are paid by prepaid card. A similar agreement has also been signed with mobile operators for the payment of pensions below FCAF 50,000. Scholarship payments are made only through commercial banks.<sup>8</sup> Since 2017, large- and medium-size companies (taxpayers with annual sales of more than CFAF 50 million) can access, from their place of business or home, a secure interface to fulfill their obligations. The Agency of Services and Information Systems is also developing a national electronic payment platform that aims to interconnect various digital payment instruments, which will substantially facilitate the payment of services provided by the Government, including G2P for salaries, social cash transfers, and pensions. Nevertheless, the collection of non-tax revenues remains difficult (payment of birth certificates, civil status certificates, and so on).<sup>9</sup>

13. **Digitalization efforts represent an opportunity to increase access to public services and improve transparency, yet, to ensure that everyone benefits from digital inclusion, there is a need for targeted gender-specific measures.** Regional evidence shows that women are unlikely to benefit from digital transformation, as economic and sociocultural factors constrain their access to and use of digital and financial services. For example, in Benin, only 39.8 percent of women ages 15 and above own an account at a financial institution or with a mobile money service provider, compared to 58.2 percent of men (World Development Indicators 2021). Moreover, the latest available data show that only 12.5 percent of women ages 15 and above use a mobile phone or the internet to access a bank account compared to 25.2 percent of men. In addition, as of 2017, only 1.9 percent of women ages 15 and above used the internet to pay bills, compared to 4.8 percent of men. Hence, a failure to consider gender-specific barriers to financial and digital inclusion can threaten the entire progress in economic growth and poverty reduction.

#### ***Value for money in procurement remains low***

14. **Despite meaningful improvements in the legal framework and information systems, procurement continues to be cumbersome and opaque, and tendering is still paper-based.** In 2020, the Government adopted a new public procurement that introduced e-procurement. A procurement information system to manage internal processes has been used since 2015. The Government has also made significant progress in publishing tenders, awards, and statistics. Nevertheless, there is still a need to reinforce skills and staff capacity to plan, execute, and evaluate procurement processes and control the quality of services and goods received and their distribution to frontline units, such as schools and health centers. The 2022 Methodology for Assessing Procurement Systems (MAPS) report describes persistent delays and high levels of budget deviations between actuals and planned budgets and the need for (a) greater use of electronic procurement, (b) improvements to the statistical data collection system, (c) professionalization of the procurement function, (d) greater collaboration with the private sector and civil society, and (e) introduction of sustainable and green public procurement into the system. Moreover, open contracting principles and green procurement guidelines are available but are not systematically enforced.

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<sup>7</sup> Central Bank of West African States (*Banque Centrale des Etats de l'Afrique de l'Ouest*).

<sup>8</sup> DE4A Benin. World Bank. 2020.

<sup>9</sup> DE4A Benin. World Bank. 2020.

15. **In the health and education sectors, the quality of service provision remains hampered by inefficient procurement.** This results in the unequal distribution and stockouts of key materials (medicine and learning materials) and infrastructure deficiencies. The unreliability of the health supply chain, and subsequently the inadequate supply of medications and medical supplies at all levels of care, is detrimental to maternal, child, and adolescent health as it hinders the system's ability to provide adequate quality of care. The health care units and schools are particularly scarce in rural areas and urban tenement areas.

***Weak data and management processes hamper HRM and the allocative efficiency of personnel expenditure, affecting health and education services***

16. **Despite significant achievements since 2018, the public sector faces challenges in reducing payroll leakages and integrating HRM and payroll information systems.** Following a census of civil servants to reduce ghost workers conducted in 2018, the Government initiated the integration of the human resource management information system (HRMIS) managed by the Ministry of Labor and Civil Service (*Ministère du Travail et la Fonction Publique*, MTFP) and the payroll system (managed by the MEF to limit potential fraud and contain the wage bill). The MTFP also made progress in updating the historical information of the civil servants recruited before 2018 and implemented several initiatives, including creating user relations service centers for civil servants and digitizing pension processing, the recruitment system, and personnel archives. Yet, while personnel expenditure is smaller as a share of total public expenditure (23 percent) and GDP (5 percent) in 2021 than the regional average (World Bank Bureaucracy Indicators 2022), there are substantial allocative and productive inefficiencies and risks created by the blanket salary increases introduced in 2022. The unequal distribution of personnel, high levels of absenteeism, and skills gaps in frontline personnel remain significant problems.

17. **The quality of service delivery in education is poor, with high geographical disparities, primarily due to inefficient HRM.** Poor HRM contrasts with the considerable weight of total sectoral spending on wages and salaries for education and health, together representing 50 percent of the total wage bill. Student-teacher ratios in public primary schools remain relatively high, varying across regions. In 2020, on average, there was one teacher for every 46 students in public primary schools, which is above the level recommended by the Global Partnership for Education to ensure a conducive learning and teaching environment (40:1) (World Bank 2022). This mostly results from the inadequate incentives for teachers to stay in hard-to-reach areas. Furthermore, many teachers lack the pedagogical skills needed to teach and the system also lacks secondary teachers in science, mathematics, information technology, and French. In-service training is fragmented, and there is no structured continuous professional development. The inefficient allocation of human resources also leads to significant economic losses in the health sector. The number of medical personnel is insufficient, below that of structural peers, and their geographical distribution is inefficient. For example, in 2018, while Benin had 0.65 doctors per 10,000 inhabitants, Senegal, Rwanda, and Togo had 0.88, 1.18, and 0.83, respectively. Estimates suggest that health professionals' unequal geographic distribution and low productivity resulted in an annual loss of 7.3 percent of total expenditure or 1 percent of GDP in 2019 (World Bank 2022).

***The lack of systematic feedback from the Government undermines citizen engagement mechanisms***

18. **Benin has in place the structural requirements for an open and inclusive public sphere, which is essential for generating social accountability.**<sup>10</sup> First, civil liberties in the form of freedom of expression, assembly, and organization of citizens into civil society or political organizations are established.<sup>11</sup> Second, the

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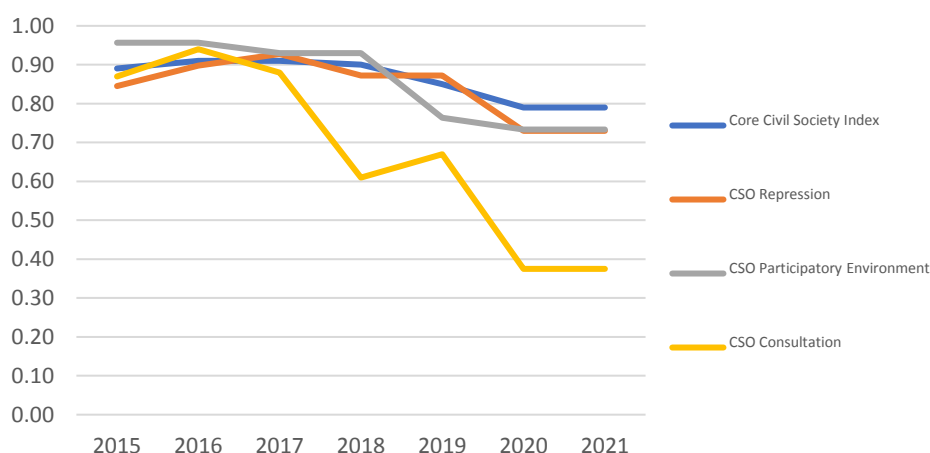
<sup>10</sup> Odugbemi, S., and T. Lee. 2011. *Accountability through Public Opinion*. World Bank.

<sup>11</sup> BTI Transformation Index. 2022. *Benin Country Report 2022*. <https://bti-project.org/en/reports/country-report/BEN>.

constitution and related legal framework allow for freedom of the press and media<sup>12</sup> and multiple media entities exist.<sup>13</sup> Third, access to public information is considerable<sup>14</sup>. Fourth, civil society traditions are relatively strong, and V-Dems core civil society index for 2021 was at 0.8 out of 1, indicating robustness and autonomy.<sup>15</sup> Finally, space for daily discussion exists as there are no or minimal limits on the internet and social media,<sup>16</sup> and individuals are generally free to express personal or political views without the risk of surveillance or reprisals by the state.<sup>17</sup> These characteristics are necessary for issue-based information flows between citizens and the State and citizen-led accountability and deliberation.

19. **While the public sphere is based on solid foundations and traditions, the Government and civil society actors have increasingly faced challenges to collaborate.** Civil society actors are numerous and heterogeneous. There are a number of areas where they have been able to work closely with and complement the State and have demonstrated the ability to carry out community-based initiatives founded on local needs, actions, and institutions. Conversely, a trend has emerged in which some civil society actors are becoming increasingly political or acting in accordance with the material interests of their leaders rather than the specific group they intend to represent.<sup>18</sup> In addition, many civil society actors lack a sustainable business model and are highly dependent on donor funding and technical assistance (TA); consequently, professionalization of civil society organizations (CSOs) is minimal.<sup>19</sup> Civil society health and effectiveness measures remain relatively high, but a downward trend has been observed (Figure 1).<sup>20</sup> Critically, levels of consultation may have declined.

**Figure 1. Trends in Civil Society from 2015 to 2021**



*Note:* The four indicators shown originally all had different scales. The scale was standardized from 0 to 1 for each indicator to allow for the comparison of trends.

<sup>12</sup> US Department of State. 2022. *2021 Country Reports on Human Rights Practices: Benin*. <https://www.state.gov/reports/2021-country-reports-on-human-rights-practices/benin/>.

<sup>13</sup> BTI Transformation Index 2022.

<sup>14</sup> IMF. 2022. *Benin Fiscal Transparency Evaluation: Country Report No. 22/111*.

<sup>15</sup> V-Dem (Varieties of Democracy). 2022. *Country Graph Benin*. [https://www.v-dem.net/data\\_analysis/CountryGraph/](https://www.v-dem.net/data_analysis/CountryGraph/).

<sup>16</sup> BTI Transformation Index 2022; V-Dem 2022.

<sup>17</sup> Freedom House. 2022. *Freedom in the World 2022: Benin*. <https://freedomhouse.org/country/benin/freedom-world/2022>.

<sup>18</sup> BTI Transformation Index 2022.

<sup>19</sup> BTI Transformation Index 2022; Gustave, A. 2021. *Diagnostic Study of Collaboration between the State and Civil Society Organizations in the Field of Monitoring and Evaluation of Public Policies*. Twende Mbele.

<sup>20</sup> V-Dem 2022.

20. **Benin has a significant number of formal and informal collaboration mechanisms that bring together the state and civil society in certain sectors; however, their level of activity and effectiveness is unclear.** While these mechanisms may provide some level of transparency and dialogue, it will be necessary to improve publicity and accountability to close the feedback loop properly. For example, the World Bank-supported citizen report cards (CRCs) in the electricity, justice, and water sectors provided information on levels of citizens' satisfaction; however, publicity of the information is low, and there is no mechanism to act on the feedback received or inform the participants how the information they provided was used. In March 2022, the MEF launched the BousProb mobile app, which includes critical information on the budget cycle and opportunities for participation; however, its rollout and initial features are limited.<sup>21</sup>

21. **At the municipality level, public accountability hearings have been institutionalized and allow for direct dialogue between municipal authorities and citizens.** Hearings allow municipalities to update citizens on the budget and planned and ongoing projects. In addition, they provide an avenue for citizens to request information, raise concerns, or provide suggestions. While not legally required, public hearings were included as performance criteria for the national budget transfer mechanism, Fund for the Support of Municipal Development (*Fonds d'Appui au Développement des Communes*, FADEC), and in 2016 municipalities were requested to sign a charter in which they pledged to hold public accountability hearings.<sup>22</sup> These efforts have raised the level of awareness, and some municipalities now hold hearings at their own expense, having them broadcasted on the radio.<sup>23</sup> Capacity building is provided by donor partners to municipalities and CSOs in support of hearings. For example, the German Agency for International Cooperation (*Deutsche Gesellschaft für Internationale Zusammenarbeit*, GIZ) has worked with RODEL and *Maison de la Société Civile*, the European Union (EU) has supported *Maison de la Société Civile*, and Particip funds ALCRER/Social Watch. Consequently, a variety of best practices have evolved, and guidelines have been prepared. In some municipalities, hearings have only resulted in the preparation of minutes, which are not always made public, suggesting that further support is needed to close the feedback loop.<sup>24</sup> However, in some others, it has led to the provision of inputs for municipal budgets by citizens, the revision of administrative processes and planning documents, the launch of new construction projects, and improvement in service delivery management.<sup>25</sup>

22. **While Benin ranks high in budget transparency and public participation in the budget cycle, in absolute terms, there is significant space to enhance accountability.** According to the Open Budget Index survey, while Benin has adequate mechanisms in place for public participation during budget approval, limited processes exist as part of formulation by the executive. First, while CSOs participate in the budget formulation process, their involvement tends to be ad hoc, and participation is not open to all. Second, vulnerable or underrepresented groups are often not included. Finally, and critically, the feedback loop for the process remains open in that the public was not provided with information on what feedback was collected or if and how it was used in the budget formulation process.

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<sup>21</sup> <https://play.google.com/store/apps/details?id=com.swiitch.dgb&hl=en&pli=1>.

<sup>22</sup> Groß, L. 2018. *Assessing the Impact of Governance Programmes: GIZ Support to Citizen Participation in Local Governance in Benin*. Deutsches Institut für Entwicklungspolitik.

<sup>23</sup> GIZ. 2020. *Promising Practices: The Human Rights-Based Approach (HRBA) in German Development Cooperation*.

<sup>24</sup> Groß 2018.

<sup>25</sup> Groß 2018.

**Severe gender disparities persist, particularly in human capital and economic opportunities, and there is no systematic monitoring or prioritization of expenditure on programs targeting these gaps**

23. **Gender inequality starts early, with young girls displaying higher illiteracy and lower educational attainment than boys.** In Benin, only 31.0 percent of women are literate compared to 53.9 percent of men.<sup>26</sup> Currently, educational completion and attainment levels for girls and women are below those for boys and men, with gaps widening as the level of schooling increases. The gender gap in primary school completion rates favored boys by 6 percentage points in Benin in 2020.<sup>27</sup> Fewer girls than boys progress to secondary school. The high incidence of teen pregnancies and early childbearing reduces education possibilities and has long-term implications on labor market opportunities. The use of contraceptives among women is low compared to levels in Sub-Saharan Africa (15.5 percent of women ages 15–49 use at least some method of contraception), and overall fertility rates are high (4.77)<sup>28</sup> with high incidences of teenage pregnancy (99.6 births per 1,000 women ages 15–19 regionally).<sup>29</sup> Early pregnancy and childbearing have numerous adverse impacts on individual and social life: early pregnancy entails immediate health complications for girls, derailing an otherwise healthy development into adulthood.<sup>30</sup> Additionally, early childbearing reduces the number of schooling years for girls, often preventing them from completing their education. Consequently, adolescent fertility is directly linked to the limitation of job opportunities and quality employment later in life.<sup>31</sup>

24. **Limited human capital accumulation for women translates into constrained economic opportunities.** Gender inequality limits productivity due to the misallocation of labor, fostering labor market rigidities. In the region, fewer women participate in the labor market than men, with the female-male gap at 13 percentage points. Further, female labor force participation has not translated into equitable and high-quality employment. Women have significantly higher rates of underemployment compared to men and regional peers (Figure 2).<sup>32</sup> Informality also disproportionately affects women, making them more vulnerable to exogenous labor market shocks. In Benin, the share of women employed in the informal sector is much higher than men at 97.2 percent versus 91.6 percent (Figure 3).<sup>33</sup> This misallocation of skills comes at a high economic cost, hindering economic development in the long run. For example, lower fertility and reduced gender productivity gaps in agriculture and services in Benin are associated with an additional 0.35 percentage point increase in average annual GDP growth and an additional 0.81 percentage point increase in average annual per capita growth over 2022–2035.<sup>34</sup>

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<sup>26</sup> WDI 2021.

<sup>27</sup> Ibid.

<sup>28</sup> WDI (2021), data for 2019.

<sup>29</sup> In Benin and Togo, adolescent pregnancy while still high, is below the regional average. WDI (2021), data for 2019.

<sup>30</sup> United Nations Children's Fund. 2010. *Early Childbearing*. For more information, refer to *UNICEF (2021)*.

<sup>31</sup> World Health Organization. 2020. *Adolescent Pregnancy*. For more information, refer to *WHO (2020)*.

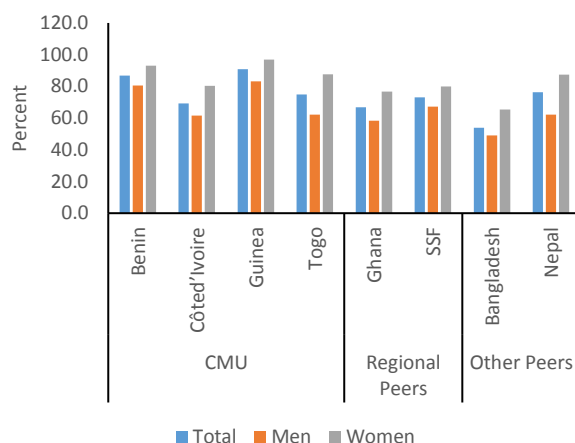
<sup>32</sup> Vulnerable employment considers contributing family workers and own-account workers as a percentage of total employment.

<sup>33</sup> ILO (International Labour Organization). 2018. *Women and Men in the Informal Economy: A Statistical Picture*. Geneva: ILO.

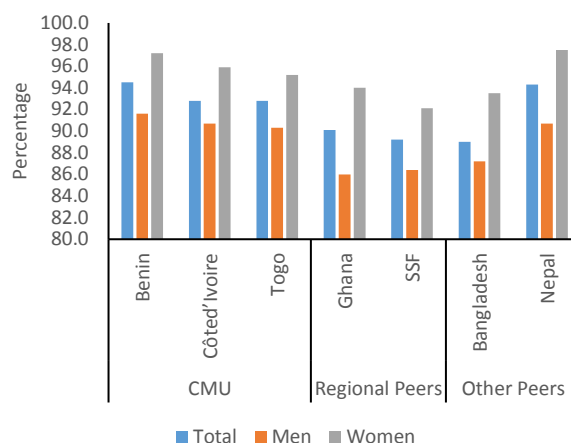
<sup>34</sup> World Bank. 2022. "Benin Country Economic Memorandum." World Bank, Washington DC.



**Figure 2. Vulnerable Employment by Gender, Percentage of Employment by Reference Group**



**Figure 3. Informality Rate by Gender, Percentage of Informal Employment by Reference Group**



Source: WDI 2021 and ILO 2018.

Note: Vulnerable employment considers contributing family workers and own-account workers as a percentage of total employment. The latest available year for vulnerable employment is 2019. Latest available year of informality rate: Bangladesh (2013), Benin (2011), Côte D'Ivoire (2016), Ghana (2013), Nepal (2008), and Togo (2011).

**Data gaps and insufficient use of statistics to inform policy design and implementation undermining domestic resource mobilization and the targeting of public resources**

25. **Despite recent progress in statistical performance, acute data gaps remain in essential areas such as firm-level data, gender, and administrative data due to limited capacity and financing.** Benin has an average Data for Policy (D4P) index score of 5.8,<sup>35</sup> slightly above the West and Central African average (0.585).<sup>36 37</sup> However, several data gaps exist. Notably, it has not implemented an economic census in the last five years, limiting its capacity to generate short-term indicators to track the business environment and productivity. Firm-level data are critical tools for understanding the underlying drivers of firm-level productivity, tax compliance, and drivers of informality. Reliable and timely data will help ensure that limited resources are allocated adequately to their most efficient use. COVID-19 has exacerbated data infrastructure limitations as government and donor funding decreased.<sup>38</sup> As a result, Benin is not always able to meet international reporting requirements of official statistics.

<sup>35</sup> D4P Index 2019/20. The D4P index is the ratio of the sum of recently available statistical operations divided by eight (the number of statistical operations under D4P). The eight statistical operations considered are (a) household-based surveys for poverty analysis, (b) labor force surveys, (c) population census, (d) agricultural census, (e) agricultural sample survey, (f) economic census, (g) enterprise survey, and (g) system of national accounts. The higher the D4P index the fewer the data gaps in each country. The D4P index assigns a '1' if a statistical operation was conducted recently and within the timing recommended by international standards (see table 1) and '0' otherwise to each country. The recommended year thresholds are derived from the *United Nations Sustainable Development Solutions Network (UNSDS) Needs Assessment 2015 Report* and the *IMF's General Data Dissemination System (GDDS)*. For more information, see the D4P Initiative Brief.

<sup>36</sup> The higher the D4P index, the fewer the data gaps across countries, resulting in more statistical operations recently being carried out within the timing recommended by international standards.

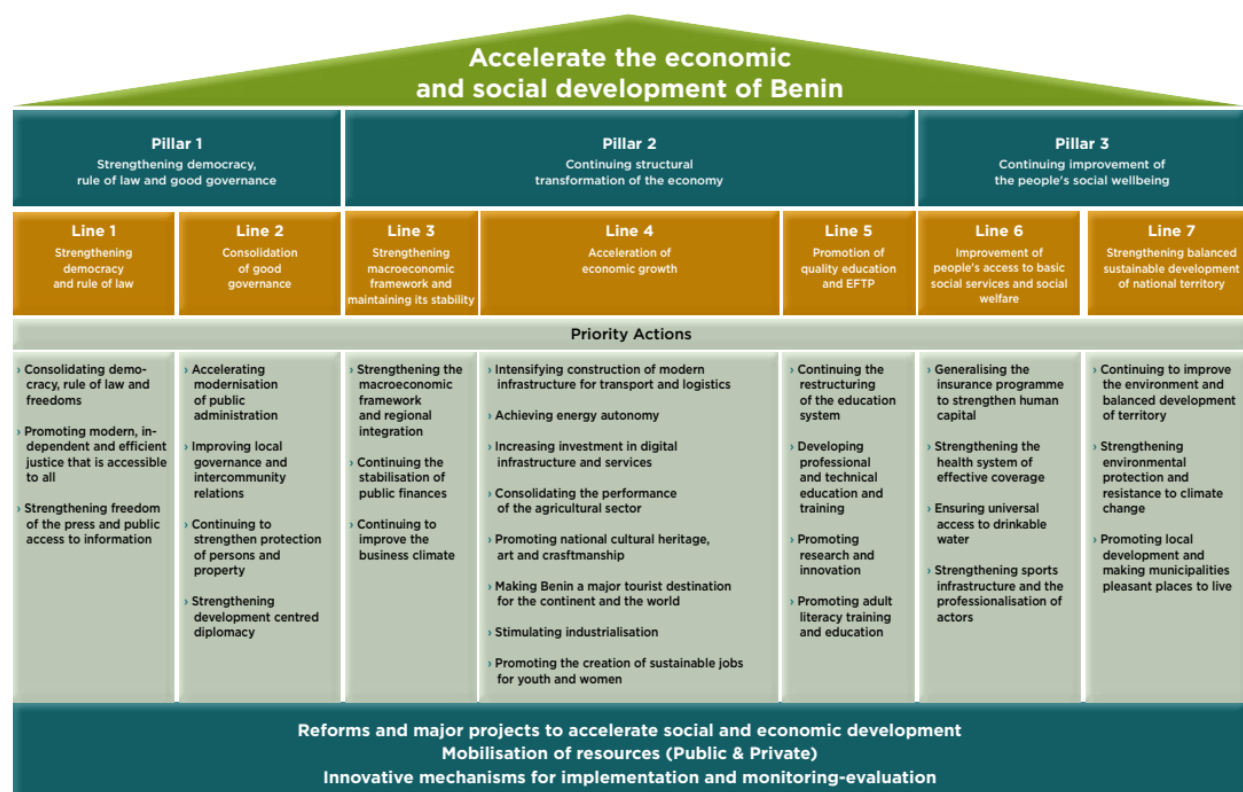
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<sup>38</sup> World Bank. 2021. *One Year into the Pandemic: Monitoring the State of Statistical Operations under COVID-19*. Washington, DC: World Bank.

## Strategic Relevance

26. **The Government program is the PAG II, approved in 2020, and has an objective to accelerate economic growth by expanding access to basic services.** Figure 4 summarizes the US\$ 6.4 billion Government program’s structure, which includes three pillars, seven strategic lines, and priority actions. Notably, the first pillar on strengthening democracy, the rule of law, and good governance includes a priority action to ‘accelerate the modernization of public administration’ and the second pillar on structural transformation of the economy an action to ‘pursue the improvement of PFM’ and another ‘domestic resources.’

**Figure 4: PAG II Strategic Framework**



27. **The Economic Governance Program 2023–2032 (Programme Décennal de Gouvernance Economique 2023–2032, PDGEDS),** which this operation finances, supports the PAG II implementation and aims to improve the efficiency and effectiveness of public expenditure to improve access service delivery in a more rapid and inclusive manner. The Program focuses on increasing fiscal space and addressing upstream public financial management bottlenecks affecting downstream service delivery. The Program has three axes: (a) strengthening economic governance; (b) modernizing the delivery of public service; and (c) strengthening the national statistics system.

28. **The proposed Program reflects the Government’s priorities and is strategically relevant.** The IDA financing supports the implementation of the PDGEDS 2023–2032, which includes reform components that are strongly interwoven in how they support the country’s macro-fiscal environment and enable effective service delivery. Table 1 highlights the areas of the Program financed by IDA.

**Table 1. PDGEDS 2023–2032 Government Program**

Strategic Axis		Source of Funding	
		Government Budget and Other Development Partners (DP)	IDA
<b>I</b>	<b>STRENGTHENING FISCAL GOVERNANCE</b>		<b>Results Areas I and II</b>
1.1	Strengthening domestic resource mobilization	GoB	DLIs 1 and 2
1.2	Improving efficiency in public expenditure management	GoB DP: EU budget support and TA, IMF TA	DLIs 3, 4, 5, and 6
1.3	Improved management of public debt and contingent liabilities	GoB DP: IMF TA	
1.4	Capacity building in transparency, accountability and citizen participation in public finance management	GoB	DLI 7
<b>II</b>	<b>MODERNIZATION OF THE DELIVERY OF PUBLIC SERVICES</b>		<b>Results Area II</b>
2.1	Modernization of human resource management and public administration	GoB (UNDP)	DLI 9
2.2	Digitization of public services	GoB	DLI 1
2.3	Digitization of service delivery in higher education	GoB	
2.4	Digitization of the delivery of health services	GoB	
<b>III</b>	<b>STRENGTHENING THE STATISTICAL APPARATUS</b>		<b>Results Areas I and II</b>
3.1	Support for the reform of the National Statistical System (SSN)	GoB DP: EU budget support	
3.2	Capacity building in human resources, material resources, and technological resources of the National Institute of Statistics	GoB DP: EU budget support	
3.3	Support for access to statistical data	GoB	DLI 2, 5, and 6
<b>Total Allocation (US\$, millions)</b>		<b>361</b>	<b>140</b>

29. **The proposed DLIs focus on improving capacity to deliver public services, including through enhanced domestic resource mobilization and public expenditure management** (budget management, treasury, procurement, and human resource management). Table 2 provides the DLIs.

**Table 2. DLIs**

Disbursement Linked Indicator (DLI)/ Disbursement-Related Results (DLR)	Allocated Amount (US\$ millions)	Verification Protocol
<b>Results Area I: Domestic resource mobilization</b>	<b>26</b>	
<b>DLI #1: Improved tax administration through the digitalization of tax declarations and payments and performance management</b>	<b>16</b>	Validation by an Independent Verification Agency based on data from the e-tax system, and reports from the Directorate General of Revenue and the Directorate General of Customs.
(i) DLR 1.1: 9,350 small and medium enterprises registered as taxpayers in the electronic tax system, including data on the gender of the enterprise owner, <sup>9</sup> (ii) DLR 1.2: 95 percent of Adjusted Value Tax (VAT) revenue collected through digital payments, (iii) DLR 1.3: 35 percent of Property taxes revenue collected through digital payments, and (iv) DLR 1.4: Four (4) custom posts with signed performance agreements with the Unit of Statistics of the Customs Department.		

<p><b>DLI #2: Improved availability of quality economic data to support domestic resource mobilization</b></p>	<p><b>10</b></p>	<p>Validation by an IVA based on reports from INStAD and analysis of published data.</p>
<p>DLR 2.1: Two (2) economic datasets collected and published, including the Third General Economic Census (RGE3) and the updated Labor Market Indicators.</p>		
<p><b>Results Area II: Public Expenditure Management</b></p>		
<p><b>DLI #3: Improved treasury management through the increased use of digital Government-to-Person (G2P) and Person-to-Government (P2G) payments</b></p>	<p><b>8</b></p>	<p>Validation by an IVA based on data from the IFMIS and the CAA.</p>
<p>(i) DLR 3.1: 100 percent of beneficiaries of the social programs [including of back-to-school bonuses, scholarships and university relief, pensions, trainee benefits (agricultural-primary-PSIE-secondary), and other social transfers] receiving digital payments (through bank deposits and mobile money), and (ii) DLR 3.2: 90 percent of revenue from G2P payments collected digitally (through bank wires, credit cards, and mobile money) from (a) products of intermediary revenue services, (b) ground transportation fees, technical visits, and pollution taxes, (c) exam fees, (d) Global System for Mobiles (GSM) fees and boarding taxes, and (e) penalties for traffic offences and forest royalties.</p>		
<p><b>DLI #4: Improved budget management through the adoption of systematic program monitoring and evaluation and gender and climate expenditure budget tagging in the budget preparation and execution process</b> 🇵🇭 🇵🇭</p>	<p><b>16</b></p>	<p>Validation by an IVA based on data from the IFMIS and reports from the Directorate of Budget, the IGF, and the Courts of Account.</p>
<p>(i) DLR 4.1: Five (5) performance reports produced and published, including one (1) automated annual report of Program-based Budget results and four (4) evaluations of a sectoral program (education, health, social protection, and transport), and (ii) DLR 4.2: 23 ministries and agencies implementing gender expenditure tagging in their budget preparation and execution process, 🇵🇭 and (iii) DLR 4.3: 15 ministries and agencies implementing climate mitigation and adaptation climate expenditure tagging in the budget preparation and execution process. 🇵🇭</p>		
<p><b>DLI #5: Improved availability of quality socioeconomic data and gender-disaggregated statistics to support public expenditure targeting and adaptation to climate change</b> 🇵🇭 🇵🇭</p>	<p><b>25</b></p>	<p>Validation by an IVA based on reports from INStAD and examination of published data.</p>
<p>DLR 5.1: (a) 3 Socio-demographic and population census datasets collected and published, including the 2nd Migration Survey (EMB2), 5th General Population and Housing Census (RGPH5), and 6th Demographic and Health Survey (EDS6), and (b) 87 Socio-demographic statistics with gender-disaggregated data collected and published. 🇵🇭</p>		
<p><b>DLI #6: Improved the availability of quality data on the environment and climate change and its socioeconomic impact to support adaptation to climate change</b> 🇵🇭</p>	<p><b>15</b></p>	<p>Validation by an IVA based on reports from INStAD and examination of published data</p>
<p>DLR 6.1: (a) Environment and Climate Change Statistics system implemented, and (b) survey data on socio-economic vulnerability to climate change collected and published. 🇵🇭</p>		
<p><b>DLI #7: Closing the loop between citizens and State by collecting feedback through public hearings/citizens dialogues and community report cards and integrating the information into the budget and education and health sectoral plans</b> 🇵🇭</p>	<p><b>10</b></p>	<p>Annual verification by an IVA based on reports from the Directorate of Budget and relevant line ministries.</p>
<p>(i) DLI 7.1: Four (4) reports including inputs from public consultations held during budget formulation and detailing what inputs were or were not used, why, and how, published annually, 🇵🇭 (ii) DLR 7.2: four (4) biannual sectoral action plans (education and health) developed and published with inputs from deliberative, inclusive, and representative citizen dialogues, and four (4) progress reports on the education and health sectoral</p>		

<p>action plans validated by public hearings published bi-annually (two every two years),<sup>12</sup> and (iii) 30 municipalities with citizen report cards on education and health services published.<sup>13</sup></p>		
<p><b>DLI #8: Increased number of ministries and agencies using an e-procurement online platform, open procurement standards and green procurement guidelines, and green procurement tagging</b> <sup>14</sup></p>	<p><b>20</b></p>	<p>Annual verification by an IVA based on data from the ARMP and DCNMP.</p>
<p>DLR 8.1: (i) Regulations for the implementation of an e-procurement online platform (for the publication of tenders, registration of vendors, electronic submission of offers, reverse auctions, and award of public contracts) published in the Official Gazette and technical specifications of the online e-procurement platform adopted and development/customization of the e-procurement online platform completed, and (ii) 15 ministries and agencies using (a) an e-procurement online platform complying with open procurement standards, (b) green procurement guidelines, and (c) green procurement tagging in the e-procurement system to track compliance with green procurement guidelines. <sup>15</sup></p>		
<p><b>DLI #9: Improved wage bill control and Human Resource Management through digital processes, biometric data and attendance controls and incentives to increase presence</b></p>	<p><b>20</b></p>	<p>Annual verification by an IVA based on data from the HRMIS and e-pres: ence system, reports from the DGB, the MTFP, IGF, and the Court of Accounts.</p>
<p>(i) DLR 9.1: Wage bill forecasting model harmonized with international practices adopted, one (1) payroll audit completed (with a report published), one (1) action plan to address the recommendations of the payroll audit adopted, and two (2) annual reports on the progress made in their implementation of actions to address the recommendations of the payroll audit completed (with a published summary), (ii) DLR 9.2: 13 human resource management processes and services for civil servants streamlined and digitalized, (iii) DLR 9.3: 25 percent of frontline education staff covered by biometric attendance controls and incentives to increase presence, and (iv) DLR 9.4: 40 percent of frontline education staff covered by biometric attendance controls and incentives to increase presence.</p>		

**Technical Soundness**

**Technical Soundness**

30. **The Program is assessed as technically sound.** The Program is directly founded on the new PDGEDS. It builds on the successful implementation of previous PFM and public administration reforms including those funded by the World Bank. The Program’s design reflects lessons learned from the World Bank’s global experience with similar operations in several countries and analytical work on Benin (Table 3). Implementation capacity and adaptive behavioral change management support have been included in the TA component to support the ministries and agencies responsible for achievement of DLIs.

31. **There is a direct link between the result areas and DLIs** and, in turn, with intermediate objectives, PDO indicators, and the overall outcome of enabling increased domestic resource mobilization and efficiency of expenditure for service delivery. DLI 1 supports domestic resource mobilization to enhance fiscal space. DLIs 3, 4, 7, and 9 support improved treasury management, budget management, procurement, HRM, and accountability in line ministries. DLIs 2, 5, and 6 supports the improved availability of data to enhance policy formulation and monitoring. The DLIs and intermediate objectives feed into the PDO components of improved efficiency of domestic resource mobilization and public expenditure management, enabling greater fiscal space for service delivery.

**Table 3. Disbursement Linked Indicator Justification and Analytical Underpinning**

DLIs	Justification and Impact on Service Delivery	Analytical Underpinnings
<p><b>DLI #1: Improved tax administration through the digitalization of tax declarations and payments and performance management</b> <sup>φ</sup></p>	<p>The DLI supports domestic revenue mobilization through the adoption of more efficient, digital processes, performance management, and data-driven risk management. The DLRs support Benin in lowering voluntary compliance costs and time to settle reviews and expanding the tax net and fiscal civism. The DLI is complemented with TA focused on change management and behavioral incentives and lowering barriers for women.</p>	<p>Among others, the following reports describe existing challenges in tax and custom administration that underly the wide gap between tax policy and administration in Benin and benchmarks its performance:</p> <ul style="list-style-type: none"> <li>• World Bank. 2018. <i>Republic of Benin: Analysis of tax Revenue Mobilization</i>. Washington, DC: World Bank.</li> <li>• World Bank. 2020. <i>Benin TADAT Evaluation</i>. Washington, DC: World Bank.</li> <li>• IMF. 2022. <i>Selected Issues Paper</i>. Washington, DC: IMF.</li> <li>• Government of Benin. 2022. <i>Rapport d'évaluation du POSAF 2021</i>.</li> </ul> <p>The introduction of performance management in a targeted manner in customs administration is informed by the framework and experiences summarized in the following:</p> <ul style="list-style-type: none"> <li>• Chalendar, Cyril R., Alice Duhaut, Ana Margarida Fernandes, Aaditya Mattoo, Gael Raballand, and Rob Rijkers. 2020. "Does Better Information Curb Customs Fraud." World Bank Policy Research Working Paper 9254, World Bank, Washington, DC.</li> <li>• Raballand, Gael, Cyril Chalendar, and Antsa Rakotoarisoa. 2019. "The Use of Detailed Statistical Data in Customs Reforms: The Case of Madagascar." <i>Development Policy Review, Overseas Development Institute</i> 37 (4): 546–563.</li> </ul>
<p><b>DLI #2: Improved availability of quality economic data to support domestic resource mobilization</b></p>	<p>The DLI supports the harmonization of data production and dissemination practices in critical areas, including the production of economic census that would facilitate the expansion of the tax base.</p>	<p>The challenges related to the regularity and quality of data production in the social and economic spheres are summarized in the following reports:</p> <ul style="list-style-type: none"> <li>• Benin Poverty and Social Impact Analysis, P172749</li> <li>• World Bank. 2019. <i>Accelerating Poverty Reduction in Africa</i>. World Bank.</li> </ul>
<p><b>DLI #3: Improved treasury management through the increased use of digital Government-to-Person (G2P) and Person-to-Government (P2G) payments</b></p>	<p>The DLI supports improvements in Treasury management that would generate substantial efficiency gains and reduce fraud. It also supports the financial inclusion of beneficiaries of social protection programs. In its design, it considers gender and other access barriers to mobile infrastructure and digital literacy.</p>	<p>Among other reports, the following reports highlight the existing challenges in expanding digital payments and financial inclusion and how Benin compares with regional counterparts:</p> <ul style="list-style-type: none"> <li>• BCEAO. 2020. <i>Guide pour la digitalisation des paiements des Etats membres de l'UEMOA</i>.</li> <li>• BCEAO. 2020. <i>Rapport annuel sur les services financiers digitaux</i>.</li> <li>• World Bank. 2018. <i>Digital Economy for Africa. Diagnostic Tool and Guidelines for Task Teams</i>. Washington, DC: World Bank.</li> <li>• World Bank. 2019. <i>Benin Digital Sector Analysis</i>. Washington, DC: World Bank.</li> <li>• World Bank. 2019. <i>Etat des lieux de la digitalisation des paiements de l'Etat dans l'UEMOA</i>.</li> <li>• World Bank. 2020. <i>Etude sur l'analyse de l'offre des services financiers au Benin dans le cadre de l'élaboration de la stratégie nationale d'inclusion financière (SNIF)</i>.</li> </ul>

DLIs	Justification and Impact on Service Delivery	Analytical Underpinnings
<p><b>DLI #4: Improved budget management through the adoption of systematic program monitoring and evaluation and gender and climate expenditure budget tagging in the budget preparation and execution process</b> 🌐🌱</p>	<p>This DLI aims at improving the effectiveness and efficiency of the budget cycle (preparation, execution, monitoring, and evaluation) for better service delivery. The DLIs improve budget alignment with development strategies as well as gender and climate considerations through the use of performance evaluations for selected sectors and the publication of separate annexes on gender and climate in the annual budget.</p>	<p>The following are some of the studies documenting the considerable progress made in budget management and fiscal transparency in Benin, including the adoption of program-based budgeting, and documenting remaining challenges:</p> <ul style="list-style-type: none"> <li>• World Bank. 2012. <i>Benin Public Expenditure and Financial Accountability Assessment</i>. Washington, DC: World Bank.</li> <li>• World Bank. 2014. <i>Benin Public Expenditure and Financial Accountability Assessment</i>. Washington, DC: World Bank.</li> <li>• IMF. 2020. <i>Benin Technical Assistance Report - Public Investment Management Assessment</i>. IMF Country Report No. 20/28. Washington DC: IMF.</li> <li>• IMF. 2021. <i>West African Economic and Monetary Union: Selected Issues</i>. IMF Country Report No. 21/50. Washington DC: IMF.</li> <li>• IMF. 2022. <i>Benin: Fiscal Transparency Evaluation</i>. IMF Country Report No. 22/111. Washington, DC: IMF.</li> <li>• IMF. 2022. <i>Benin: Selected Issues</i>. IMF Country Report No. 2022/246. Washington, DC: IMF.</li> <li>• World Bank. 2022. <i>Implementation Completion and Results Report Document - Benin Public Investment and Governance - P150116</i>. Washington, DC: World Bank.</li> <li>• World Bank. 2022. <i>Benin Public Expenditure Review</i>. Washington, DC: World Bank.</li> </ul>
<p><b>DLI #5: Improved availability of quality socioeconomic data and gender-disaggregated statistics to support public expenditure targeting and adaptation to climate change</b> 🌐🌱</p>	<p>The DLI supports the harmonization of data production and dissemination practices in critical areas, including the production of economic census that would facilitate the expansion of the tax base and data on socioeconomic conditions, gender, and climate change to inform the design of programs and prioritization of expenditure in the budget process.</p>	<p>The challenges related to the regularity and quality of data production in the social and economic spheres are summarized in the following reports:</p> <ul style="list-style-type: none"> <li>• Benin PSIA, P172749</li> <li>• World Bank. 2019. <i>Accelerating Poverty Reduction in Africa</i>. World Bank 2019.</li> <li>• CCDR Benin. 2023 (forthcoming)</li> </ul>
<p><b>DLI #6: Improved the availability of quality data on the environment and climate change and its socioeconomic impact to support adaptation to climate change</b> 🌐🌱</p>		
<p><b>DLI #7: Closing the loop between citizens and State by collecting feedback through public hearings/citizens dialogues and community report cards and integrating the</b></p>	<p>The DLI supports the integration of inputs from deliberative, inclusive, and representative hearings/citizens dialogues in the preparation of the annual budget and sectoral plans and the adoption of community scorecards at the municipal level that builds on previous World Bank-supported initiatives. It introduces a</p>	<p>Among others, the following studies offer a summary of recent trends, the features and capacity of CSOs, and existing challenges in closing the feedback loop in citizen engagement in Benin:</p> <ul style="list-style-type: none"> <li>• Gustave, A. 2021. <i>Diagnostic Study of Collaboration between the State and Civil Society Organizations in the Field of Monitoring and Evaluation of Public Policies</i>. Twende Mbele.</li> </ul>



DLIs	Justification and Impact on Service Delivery	Analytical Underpinnings
<b>information into the budget and education and health sectoral plans</b>	methodology to capture citizen inputs and oversight and improve the Government’s communication on how the inputs were used to improve participation and trust in the process.	<ul style="list-style-type: none"> <li>Groß, L. 2018. <i>Assessing the Impact of Governance Programmes: GIZ Support to Citizen Participation in Local Governance in Benin</i>. Deutsches Institut für Entwicklungspolitik.</li> <li>Implementation Completion and Results Report Document - Benin Public Investment and Governance - P150116. Washington, DC: World Bank.</li> </ul> <p>The following reports summarize good practices in citizen engagement and its relation to strengthening the social contract:</p> <ul style="list-style-type: none"> <li>World Bank. 2017. <i>World Development Report: Governance and the Law</i>. Washington, DC: World Bank.</li> <li>World Bank. 2022. <i>Aligning Data Governance with the Social Contract for Data to Promote Value, Trust, and Equity</i>. Washington, DC: World Bank.</li> </ul>
<b>DLI #8: Increased number of ministries and agencies using an e-procurement online platform, open procurement standards and green procurement guidelines, and green procurement tagging</b>	<p>This DLI supports the consolidation of reforms and efficiency gains in public procurement through the introduction of an online platform for the publication of tenders, registration of vendors, submission of proposals, award of contracts, and contract management that will allow Benin to meet open procurement standards. It also supports the enforcement of Green Procurement Guidelines, with specific criteria that is expected to generate governmentwide greenhouse gas (GHG) economies.</p>	<p>The institutional and legal context of public procurement and diagnostic on the areas for improvement in the existing e-procurement system, which is yet to be integrated to an online platform, are summarized by the following study:</p> <ul style="list-style-type: none"> <li>Government of Benin. 2022. <i>MAPS Report</i>.</li> </ul> <p>The design of the DLI and DLRs are informed by the review of best practices and the World Bank’s experience in e-procurement and green procurement that are summarized in the following reports:</p> <ul style="list-style-type: none"> <li>La Cascia, Hunt, Adrian Fozzard, Diana Carolina Annandsingh Rattia, and Yolanda Saito. 2021. <i>Green Public Procurement: An Overview of Green Reforms in Country Procurement Systems</i>. Washington, DC: World Bank Group.</li> <li>Wu Chebili, Blandine, Hunt La Cascia, Francois Collineau, Arnaud Salomon, Baptiste Calvet, and Yoann Moreau. 2022. <i>Electronic Government Procurement Implementation Types: Options for Africa</i>. Washington, DC: World Bank.</li> </ul>
<b>DLI #9: Improved wage bill control and Human Resource Management through digital processes, biometric data and attendance controls and incentives to increase presence</b>	<p>The DLI incentivizes improvements in systems and streamlining of HRM processes that support better planning and control and increased allocative efficiency of personnel spending.</p>	<p>The following reports highlight existing wage bill and HRM shortcomings and the associated costs and impact on service delivery outcomes:</p> <ul style="list-style-type: none"> <li>World Bank. 2022. <i>Public Expenditure Review</i>. Washington, DC: World Bank.</li> <li>Service Availability and Readiness Assessment 2018.</li> <li>Bureaucracy Lab Indicators 2011, 2018.</li> <li>IMF. 2022. <i>Benin: Selected Issues</i>. IMF Country Report No. 2022/246. Washington, DC: IMF.</li> </ul>



### ***Program Expenditure Framework***

32. **The Program supports the objectives of the Government program.** The GoB-planned line expenditure for results areas supported by the PforR amounts to US\$501 million equivalent for the five-year period, including US\$140 million equivalent from IDA. The Program's budget lines were identified after thorough analysis to prevent any double-dipping with other World Bank or donor operations. The budget lines are included in the MEF and MTFP program budgets according to macroeconomic estimates and ministry needs. Monitoring of the sources and uses of funds will be conducted on an annual basis to ensure that the need of the implementing entities is met. **Error! Reference source not found.** summarizes the Program Expenditure Framework.

33. **The GoB's capacity to contribute funds to close the Program's financing gap is assessed as adequate based on the track record of other similar operations.** Despite macroeconomic shocks, the GoB continues to meet its targets in financing critical fiscal and public administration reforms and has successfully mobilized resources from other development partners, including the IMF, EU, and *Kreditanstalt für Wiederaufbau* (KfW), which lower Program underfunding risks. The World Bank finances the activities/reforms in the critical path for achieving the DLIs and PDO. Expenditures to be financed by the GoB under the Program mainly relate to essential activities for which the risk of non-financing is moderate to low.

34. **The Program would have close collaboration with selected service delivery ministries, including health and education.** While the Program funds will not directly flow to these ministries, most in budget and treasury management will contribute to the timely release of budget and payments, and the MEF will be able to better control its budget allocations. Line ministries and agencies will benefit from training and other equipment/connectivity support under the Program, and sector operations provide complementary support and incentives that take the results of PFM, procurement, and HRM reforms forward and translate them into downstream sector-level impact.

**Table 4: Program Expenditure Framework**

Program Code	Ministry/Program/Dotation	Government Contribution						IDA						Total Government Program
		Current Expenditure				Capital Expenditure	Total	Current Expenditure				Total Capital Expenditure (b)	Total	
		Personnel Expenditure	Goods and Services	Transfers	Total Current Expenditure (a)	Total Capital Expenditure (b)		Personnel Expenditure	Goods and Services	Transfers	Total Current Expenditure (a)			
<b>Ministry of Economy and Finance</b>		<b>134.84</b>	<b>59.78</b>	<b>47.47</b>	<b>242.08</b>	<b>48.48</b>	<b>290.56</b>	<b>4.00</b>	<b>88.00</b>	<b>0.00</b>	<b>92.00</b>	<b>12.00</b>	<b>104.00</b>	<b>394.56</b>
026	Steering and support services for MEF	11.64	32.32	7.14	51.10	24.32	75.42	0.00	5.00	0.00	5.00	0.00	5.00	80.42
027	Management of the macroeconomic framework	5.63	4.69	26.42	36.74	7.06	43.80	0.00	39.00	0.00	39.00	12.00	51.00	94.80
028	Mobilization of financial resources and cash management	97.51	17.06	13.28	127.86	0.96	128.81	0.00	23.00	0.00	23.00	0.00	23.00	151.81
029	Public expenditure management	20.05	5.71	0.62	26.39	16.14	42.52	4.00	21.00	0.00	25.00	0.00	25.00	67.52
<b>Presidency</b>		<b>0.69</b>	<b>0.00</b>	<b>5.01</b>	<b>5.70</b>	<b>0.00</b>	<b>5.70</b>	<b>0.00</b>	<b>16.00</b>	<b>0.00</b>	<b>16.00</b>	<b>0.00</b>	<b>16.00</b>	<b>21.70</b>
-	Regulatory Authority of Public Procurement	0.69	0.00	5.01	5.70	0.00	5.70	0.00	16.00	0.00	16.00	0.00	16.00	21.70
<b>Ministry of Labor and Civil Service</b>		<b>22.01</b>	<b>31.43</b>	<b>5.15</b>	<b>58.59</b>	<b>6.57</b>	<b>65.16</b>	<b>0.00</b>	<b>20.00</b>	<b>0.00</b>	<b>20.00</b>	<b>0.00</b>	<b>20.00</b>	<b>85.16</b>
044	Steering and support services for MTFP	14.25	24.30	2.64	41.19	2.64	43.84	0.00	0.00	0.00	0.00	0.00	0.00	43.84
048	Modernization of public administration	7.76	7.13	2.51	17.39	3.93	21.32	0.00	20.00	0.00	20.00	0.00	20.00	41.32
<b>Total Program budget</b>		<b>157.54</b>	<b>91.21</b>	<b>57.62</b>	<b>306.37</b>	<b>55.05</b>	<b>361.42</b>	<b>4.00</b>	<b>124.00</b>	<b>0.00</b>	<b>128.00</b>	<b>12.00</b>	<b>140.00</b>	<b>501.42</b>

Source: Based on MTEF

## Corporate Commitments

### Gender

35. **Gender issues cut across all dimensions of well-being in Benin—including in education, health, quality employment, and agency (see earlier discussion).** The Program will provide an enabling environment to effectively close gender gaps through the improved generation, analysis, and dissemination of gender statistics and through the creation of an analysis and accountability mechanism to assess whether and how the budget is used in a gender-sensitive manner and, specifically, to address the most critical gender gaps in the country.

36. **Timely and accurate gender data are needed to formulate adequate policies to address those gender gaps effectively, yet gender data gaps prevail in Benin.**<sup>39</sup> Benin is a partner country of the *World Bank's Strengthening Gender Statistics (SGS) Project*, launched in October 2020 with support from the Bill and Melinda Gates Foundation, to improve economic gender data production by providing TA to improve gender data collection, analysis, and dissemination (through questionnaire review and support to calculate and disseminate gender indicators). According to an SGS Project assessment, 29 percent of the gender indicators from the *United Nations Statistics Division Minimum List of gender indicators* is available (properly calculated and published using data collected within the last five years) in Benin. Gender data gaps in the country stem from limited data analysis (70 percent of unavailable indicators), lack of data (22 percent), and irregular data collection (8 percent).

37. **The project will contribute to filling gender data gaps through the supported surveys and TA on gender indicators calculation.** An assessment from the SGS Project shows that 50 percent of the UNSD minimum list of gender indicators can be calculated from Demographic and Health Surveys data (including all indicators related to human rights, 80 percent of those related to education, and 70 percent of those related to health) and 40 percent can be calculated from population censuses and Labor Force survey data (including 80 percent of indicators related to education for population censuses and 60 percent of indicators related to economic participation). Also, gender-disaggregated statistics on migration and entrepreneurship can be calculated from EMB2 and RGE3 data, respectively. The availability of relevant gender indicators based on high-quality and timely data is expected to enable key stakeholders and data users to make informed decisions concerning closing gender gaps in the country and to track progress toward this objective better.

38. **The Government has made efforts to strengthen the legal and institutional mechanisms to promote women's rights and reduce gender gaps.** The Government's actions to create an institutional environment conducive to the promotion of gender equality have consisted of (a) the creation of the National Institute of Women; (b) the establishment of the National Council for Gender Equity and Equality; (c) capacity-building actions for actors in charge of gender mainstreaming at various levels; and (d) the establishment of gender units within the sectoral ministries, among others. Significant legal reforms have also taken place since 2021.<sup>40</sup>

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<sup>39</sup> The World Bank Group Gender Strategy document for 2016 to 2023 calls for better country-level diagnostics on gender gaps in SCDs and CPFs to “highlight how closing the key gender gaps in endowments, economic opportunities, and voice and agency would boost the attainment of the twin goals.” Improving the quality of national and regional data is essential to pursue this goal. The Program will contribute to this agenda by producing and making available such data based on international standards and enhancing its use.

<sup>40</sup> See: <https://blogs.worldbank.org/nasikiliza/empower-her-supporting-gender-reforms-benin-development-policy-financing>.

39. **The proposed PforR is expected to positively impact gender policies.** The Budget Department has received TA from the EU to develop the IT systems and processes to carry out a gender-informed budget cycle and prioritization since 2019. The process was piloted for the first time in seven ministries (Energy, Secondary Education, Health, Plan, Finance, Environment, and Water) in 2023 and is expected to be progressively adopted formally and rolled out to all key sectors. As part of the process, the pilot ministries conducted an analysis of gender gaps in their sectors and ministries (including in their human resources). This process is expected to raise awareness and prioritize the reduction of gender gaps at different levels of government and improve equity in access to services and provide data to track progress on allocations and results. PFM reforms through the implementation of program budgeting integrate gender-focused allocations with indicators such as an increased gender expenditure to improve equity in access to services.

40. **In addition, a more thorough review of budget expenditures will enable accountability to target the resources needed to address those critical issues adequately.** PFM reforms through the implementation of program budgeting integrate gender-focused expenditure with indicators, such as an increased expenditure share under a gender tag, to improve equity in access to services. At the sector level, gender considerations have been integrated into the selection of key processes to be digitized, such as the e-tax system, mobile payments, and other administrative services.

41. **Finally, and to complement these efforts, a strategy to close gender gaps in tax policy and administration and a study on barriers to entry and retention of women in the civil service will be financed through the TA.** It is expected that the combination of these foundational efforts will enhance the GoB's ability to formulate and continuously assess adequate policies to narrow the persistent gender gaps in the country and hence, to put its ambitious efforts on this topic (as evidenced in recent policy reforms to close critical gender gaps in education, health, and agency) on an evidence basis.

### **Citizen Engagement**

42. **Citizen engagement is a cross-cutting theme within Results Areas I and II.** The Program focuses on increasing trust in the public administration through enhanced transparency and access to information to improve demand-side accountability. The Program will implement citizen feedback mechanisms to track citizen satisfaction with selected services. The Program builds on the citizen engagement initiatives under the previous projects, including citizen audits and scorecards in the education sector, the publication of citizen budgets, and the strategic use of public resources as provided by program-based budgeting reform. The TA supports improvements in transparency and the development of a GRM on digitalized services.

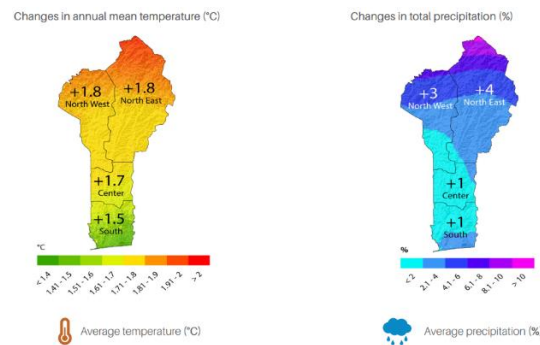
### **Climate Co-Benefits**

43. **Benin is highly vulnerable to climate change.** Benin's geographic, climatic, and socioeconomic conditions make it highly vulnerable to the impacts of climate change and other environmental hazards. Without adaptation and/or mitigation, climate change is set to have a significant impact on the most vulnerable population and key economic sectors in the next decades. Annual temperatures are projected to increase by 1.5°C by the 2060s and 2.5°C by the 2100s. Annual precipitation is expected to rise by 400 mm in the north and decrease by 200 mm in the southern regions, while sea level rise caused by climate change is a major threat to the coastal region, which hosts over 50 percent of the population, the bulk of the country's economic activity, and much of the country's existing infrastructure, including the city of Cotonou. Floods are also becoming increasingly severe and more destructive: recurrent floods in urban

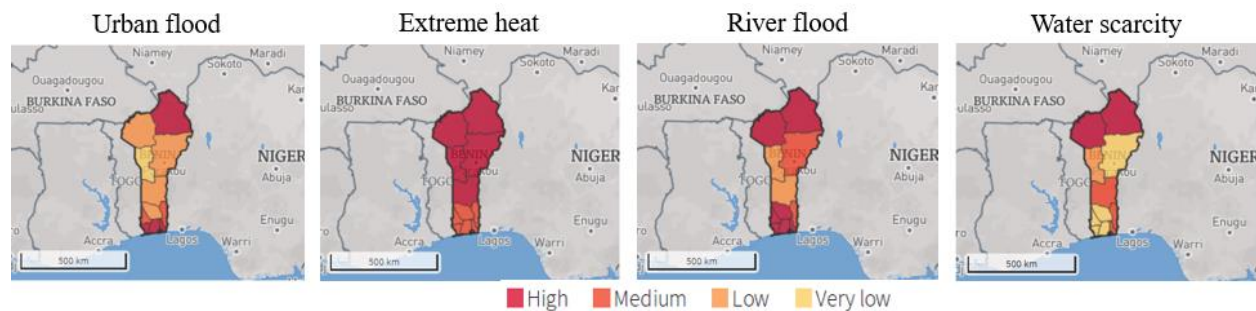
areas such as Cotonou, Porto Novo, and Parakou pose significant challenges to the inadequate and insufficient water supply, sanitation, and waste collection systems. Benin's contributions to GHG emissions are among the lowest in the world but the forest cover decline and land degradation trends continue to accelerate, exacerbating the impacts of climate change and place significant emphasis on the need to prepare for the adverse effects of climate variability expected in the next decades.

44. **The overall potential risks in Benin are assessed as 'moderate' in the Summary Climate and Disaster Risk Screening Report.** The exposure rating was assessed as 'high' due to the potential for extreme temperatures, extreme precipitation and flooding, drought, and sea level rise. Climate shocks, including due to floods or drought, are becoming more severe and destructive in Benin. Floods are increasingly affecting the coastal region where over half of the population lives, while droughts continue to affect the agricultural and water sectors, posing threats to food security, assets, and livelihoods of vulnerable households. Although Benin is partially equipped to respond to climate shocks, the country was ranked 150 in vulnerability to climate disruptions and readiness for adaptive actions in the 2018 ND-GAIN. In this context, climate adaptation and mitigation strategies are critical to reduce population vulnerability and ensure access to services.

**Figure 5. Projected Changes in Temperature and Precipitation in Benin by 2050 According to the Food and Agriculture Organization<sup>41</sup>**



**Figure 6. Hazard Levels in Benin**



Source: ThinkHazard! <https://thinkhazard.org/en/report/29-Bénin>.

45. **The Nationally Determined Contribution (NDC) serves as a blueprint for transitioning into a climate-resilient low carbon economy.** Benin's NDC features adaptation prominently and aims to reduce socioeconomic vulnerability. NDC adaptation measures focus on strengthening climate risk forecasts and early warning systems to improve food security and availability of water resources and enhance the




<sup>41</sup> Climate-Smart Agriculture in Benin: <https://cgspace.cgiar.org/bitstream/handle/10568/97615/ca1323en.pdf>.

protection of coastal zones from sea level rise. The NDC also addresses adaptation financing at the local level by strengthening local governance on planning and budgeting processes.

46. **In that context, the PforR has positive climate change co-benefits.** With the severe impact of climate change across the sub-region and Benin, the PforR supports green budgeting and green procurement to be implemented alongside the program budgeting reforms. These reforms will be crucial not only to be able to monitor investments in resilience and adaptation but also to access green climate finance. Furthermore, climate change co-benefits are expected from the digitalization of revenue mobilization (through e-payments) and key government services, which is expected to drastically reduce travel for service users and large-scale paper usage. A Public Investment Plan with climate change adaptation and mitigation considerations is supported by TA to increase the prioritization of investments that enhance the resilience of infrastructures to natural disasters and climate change.

47. **The Program supports significant adaptation and decarbonization with the intention to mitigate the negative effects of climate change.** The Program supports improved monitoring of budget climate change expenditures, which in turn would help raise financing to enhance climate resilience. The Program also supports decarbonization through the promotion of online filing of returns and payment of tax, and investments in Treasury, HRM, and e-procurement systems that generate large-scale and transformative changes in the way the Government operates. These will enable reduced demand for transportation, transitioning toward a paperless, green economy and generating efficiency gains for the administration and users.

**Table 5. List of Activities with Climate Change Adaptation and Mitigation Co-benefits**

Vulnerabilities	DLI/DLR	Intent to Address Vulnerability and Link between Context and DLI/DLR (Activities and Expected Benefits)	Amount Allocated (US\$, millions)
<b>Adaptation and Mitigation</b>			
Weak prioritization and monitoring of climate-smart investments and adaptation programs	<p><b>DLI #4: Improved budget management through the adoption of program monitoring and evaluation and gender and climate expenditure budget tagging</b> </p> <p></p> <p>DLR #4.2: Ministries and agencies implementing climate mitigation and adaptation climate expenditure tagging in the budget preparation and execution process. </p> <p>(Number)</p>	<p>This DLI intends to address the need for reliable and adequate data to target climate change adaption and mitigation expenditure.</p> <p>The introduction of a manual to prepare and monitor climate change-related expenditure provides a formalized mechanism to assess the climate relevance of programs and subprogram. It supports the understanding and communication on climate change aspects in the draft budget and bridges the gap between climate change objectives and the budget.</p> <p>The methodology for identifying and reporting on investments with mitigation and adaptation co-benefits will be developed thorough the TA and informed by the climate manual of the MEF. This methodology is crucial to enable the issuance of green bonds and access a wider range of climate funds.</p>	10
	<p><b>TA Activity: Climate filter informing the screening of public investment projects above US\$2 million</b></p>	<p>The TA will develop the methodology and support the piloting of a screening tool for prioritizing investments supporting adaptation and mitigation.</p>	1

Vulnerabilities	DLI/DLR	Intent to Address Vulnerability and Link between Context and DLI/DLR (Activities and Expected Benefits)	Amount Allocated (US\$, millions)
	<b>TA Climate Financing Strategy and Climate Bond</b>	Based on the CCDR's estimated financing/investment needs for Benin to transition to a resilient and low-carbon development pathway, the TA will finance advisory services to identify the financing tools most suitable to the country context.	2
Lack of systematic micro data on climate change impacts	<b>DLI #5: Improved availability of quality socioeconomic data and gender-disaggregated statistics to support public expenditure targeting and adaptation to climate change</b>	This DLI intends to address the need for reliable and adequate data to target climate change adaptation expenditure.  The survey will provide a baseline and a tracking mechanism to identify the socioeconomic impacts of climate change, which will, in turn, facilitate the targeting of resources and adaptation of social services and other interventions aimed at increasing resilience.	25
	<b>DLI #6: Improved the availability of quality data on the socioeconomic impact of climate change</b>  DLR 6: Environment and climate change statistics system implemented and survey data on socioeconomic vulnerability to climate change collected and published.		15
Weak enforcement of green public procurement guidelines that increases GHG emission in government facilities, equipment, and vehicles  Inefficient and paper-based processes that require displacement of large number of civil servants and vendors	<b>DLI #8: Increased number of ministries and agencies using an e-procurement online platform, open procurement standards, and green procurement guidelines</b>  DLR 8.2: Ministries and agencies implementing green procurement tagging to monitor compliance with green procurement guidelines. (Number)	The DLI will incentivize and provide a monitoring mechanism to enforce the Guidelines on Green Public Procurement and increase the share of procured goods and services that are energy efficient by ministries and agencies.	6
	DLR 8: Ministries and agencies using an e-procurement online platform, open procurement standards, and green procurement guidelines. (Number)	A paperless and interconnected digital system will also respond in a more efficient and less resource-consuming way in providing services to citizens. It will reduce the use of toner and ink cartridges that contain hazardous materials and could adversely affect the environment when discarded.	12
	DLR 8.1: Regulations for the implementation of an e-procurement online platform (publication of tenders, registration of vendors, electronic submission of offers, reverse auctions, and award of public contracts) published in the Official Gazette and technical specifications of the	The reduced demand for transport by about 440 users (staff) due to improved proximity to e-procurement services is estimated to lead to GHG emission savings of approximately 3,012 tons of carbon dioxide.	2

Vulnerabilities	DLI/DLR	Intent to Address Vulnerability and Link between Context and DLI/DLR (Activities and Expected Benefits)	Amount Allocated (US\$, millions)
	online e-procurement platform, adopted and development/customization of the e-procurement online platform completed.		
<b>Mitigation</b>			
Inefficient tax administration processes and paper-based tax filling requiring multiple trips to the Revenue Administration Office to file tax forms and banks to make monthly payments	<p><b>DLI #1: Improved tax administration through digitalization and performance management</b></p> <p>DLR 1.1: Small and medium enterprises registered as taxpayers in the electronic tax system, including data on the gender of the owner. ♀ (Number)</p> <p>DLR 1.2: Revenue collected from Adjusted Value Tax (VAT) through digital payments. (Percentage)</p> <p>DLR 1.3: Revenue collected from Property Taxes through digital payments. (Percentage)</p>	<p>The Program supports the increase in the number of taxpayers filing returns and paying taxes online by improving e-tax processes and systems to enhance revenue mobilization. The activities will include, but not be limited to, development of digital customer service center with multi and varied channels to engage clients, training of frontline staff to improve customer service experience, and campaigns to encourage citizens to pay tax and do so through the online portal. It is expected that the expansion of online filing and online payments will significantly reduce the use of payer and the number trips made back and forth by taxpayers to tax offices.</p> <p>The reduced demand for transport by almost 15,000 taxpayers making 395,000 trips, estimated to travel on average over 10 km using mostly cars and shared buses for tax filing and payment, is estimated to lead to GHG emission savings of approximately 20,285,000 tons of carbon dioxide.</p>	<p>6</p> <p>4</p> <p>2</p>
Inefficient treasury processes	<p><b>DLI #3: Improved treasury management through the increased use of digitized Government-to-Person (G2P) and Person-to-Government (P2G) payments</b></p> <p>DLR 3.1: Beneficiaries of the social programs [including, re-entry bonuses, scholarships and university relief, pensions, trainees (agricultural-primary-PSIE-secondary), and other social transfers] who receive digital payments (through bank deposits and mobile money). (Percentage)</p> <p>DLR 3.2: Digital P2G payments (through credit card and mobile money) from customs duties smaller than 100,000 FCFA, statistical fees, synthetic business tax, tax on income from movable capital, tax on</p>	<p>It is expected that the expansion of online payments will significantly reduce the time and number trips made back and forth by recipients of social protection programs and taxpayers.</p> <p>The reduced demand for transport by almost 100,000 taxpayers and recipients of G2P payments, estimated to travel on average over 10 km using mostly cars and shared buses for collecting government transfers and tax and other government fees payment, is estimated to lead to GHG emission savings of approximately 85,840 tons of carbon dioxide.</p>	8



Vulnerabilities	DLI/DLR	Intent to Address Vulnerability and Link between Context and DLI/DLR (Activities and Expected Benefits)	Amount Allocated (US\$, millions)
	digitized services, boarding tax, solidarity tax, non-fiscal fees, and GSM royalties. (Percentage)		
Inefficient and paper-based processes that require displacement of large number of civil servants, abandoning their work posts	<p><b>DLI #9: Improved wage bill controls and Human Resources Management</b></p> <p>DLR 9.2: HRM processes and services for civil servants streamlined and digitalized. (Number)</p>	<p>Paperless and digital services for civil servants will enable a more efficient and less resource-consuming approach in HRM. It will reduce the use of toner and ink cartridges that contain hazardous materials and could adversely affect the environment when discarded.</p> <p>The reduced demand for transport by about 55 civil servants and 45,000 applicants due to improved proximity to administrative services is estimated to lead to GHG emission savings of approximately 2,000 tons of carbon dioxide.</p>	5
<b>Total</b>			<b>72</b>